

OCB BERHAD

**(Company No: 3465-H)
(Incorporated in Malaysia)**

NOTES TO THE INTERIM FINANCIAL REPORT

A1 Basis of preparation

The interim financial report has been prepared in accordance with Financial Reporting Standards (“FRS”) 134, Interim Financial Reporting (formerly known as MASB 26) and Appendix 9B of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The significant accounting policies and methods of computation adopted by the Company in this Interim Financial Statements are consistent with those adopted in the annual financial statements for the year ended 31 December 2008.

A2 Audit report

The audit report of the Company's preceding Annual Financial Statements was not qualified.

A3 Seasonal or cyclical factors

The Group's operations were not significantly affected by any seasonal or cyclical factors during the quarter under review.

A4 Unusual items

There were no unusual items during this quarter affecting assets, liabilities, equity, net income or cash flow.

A5 Changes in estimates of amount reported previously with a material effect in current interim period

There were no estimations of amount used in our previous reporting which have a material impact in the current reporting period.

A6 Debt and equity securities

There were no issuance and repayment of debts and equity securities during the current quarter under review.

A7 Dividends

No dividend was paid during the quarter under review.

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A8 Segmental information

Business segments information for the year ended 30 June 2009:-

	Building Materials RM'000	Bedding Products RM'000	Consumer Foods RM'000	Investments RM'000	Elimination RM'000	Consolidated RM'000
Revenue						
External revenue	23,223	24,785	257,051	397	(443)	305,013
Result						
Profit/(Loss) from Operations	1,870	4,446	4,173	(3,340)	-	7,149
Finance costs						(4,072)
Investing results						-
Profit before taxation						3,077
Taxation						(1,563)
Net profit for the period						1,514
Other information						
Segment assets	64,214	84,701	200,118	62,710	-	411,743
Segment liabilities	(28,997)	(23,896)	(100,783)	(35,454)	-	(189,130)
Capital expenditure on property, plant and equipment	271	-	-	-	-	271
Depreciation	253	1,139	935	55	-	2,382

A9 Revaluations

There were no amendments in the valuation amount of revalued assets brought forward to the current quarter.

A10 Material events subsequent to the end of the reporting period

There were no material events subsequent to the end of the quarter reported as at the date of issuance of this report.

A11 Changes in composition of the Group

There were no changes in the composition of the Group for the quarter under review.

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A12 Contingent liabilities or assets

There were no third party contingent liabilities entered into by the Company during the quarter under review.

Under the terms of the Sale and Purchase Agreements with Ample Term Sdn Bhd ("ATSB") for the disposals of Rantai Pesona Sdn Bhd ("RPSB") and Linear Profile Sdn Bhd ("LPSB"), ATSB shall within twelve (12) months from the completion of the said Agreements cause the Company to be released and/or discharged as a guarantor for any debts of RPSB and LPSB owing to Bank Islam Malaysia Berhad under cash note facilities amounting to RM13.04 million.

B1 Review of performance

The Group recorded a decrease of 29% in revenue to RM125.3 million for the current quarter against RM175.8 million in the preceding year corresponding quarter.

The consumer foods division registered a decrease in revenue of 30% to RM99.6 million as compared to RM142.2 million in the preceding year corresponding quarter. The decrease is mainly due to lower sales from international trading business.

The bedding products division reported a decrease in revenue of 18% to RM12.6 million as compared to RM15.4 million previously.

Similarly, the building materials division witnessed a decrease in revenue of 28% to RM13.0 million as against RM18.2 million in the preceding year corresponding quarter due to lower completion of projects.

The Group registered a profit before tax of RM1.5 million compared to profit before tax of RM0.3 million in the previous corresponding quarter.

The consumer foods division reported a profit before tax of RM0.2 million compared to loss before tax of RM0.8 million in the preceding year corresponding quarter. This was followed by both the bedding products and building materials divisions which reported profit of RM1.7 million and RM0.7 million respectively in the current quarter.

In the opinion of the Board of Directors, the results of the current quarter ended 30 June 2009 have not been affected by any transaction or event of a material or unusual nature other than that mentioned above.

B2 Comparison of profit before tax for the current quarter with immediate preceding quarter

	Current quarter 30/06/09 RM'000	Immediate preceding quarter 31/03/09 RM'000
Revenue	125,265	179,748
Consolidated profit before taxation	1,530	1,547

The Company registered a profit before tax of RM1.5 million for the current quarter which was comparable with that in the immediate preceding quarter.

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B3 Current year prospects

The Board expects the performance of the Group for the current financial year ending 31 December 2009 to be very challenging in view of the current global economic conditions. The Group will continue to improve its performance through better operating efficiencies and cost control measures for its various divisions.

B4 Explanation on variances of actual results compared with forecasted and shortfall in profit guarantee.

Not applicable

B5 Taxation

	Current quarter	Cumulative current year to date
	30/06/09	30/06/09
	RM'000	RM'000
Current Taxation	720	1,547
(Over)/under Taxation	-	-
Deferred Taxation – Current	-	16
Deferred Taxation – Prior	-	-
	<u>720</u>	<u>1,563</u>

The effective tax rate on the Group's profit is higher than the statutory rate due to certain expenses disallowed by the Inland Revenue Board and there is no Group relief on losses incurred within the group of companies.

B6 Sales of unquoted investments and properties

There were no sales of unquoted investments or properties during the current quarter under review.

B7 Purchases and sales of quoted securities

Investments in quoted securities as at 30 June 2009 are as follows:

	RM'000
At cost	1,403
Less: Provision for diminution in value	(96)
At carrying value	<u>1,307</u>
At market value	<u>1,352</u>

B8 Status of corporate proposal

There was no corporate proposal announced during the quarter under review.

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B9 Group borrowings and debts securities

Bank borrowings as at the end of this quarter:-

	Secured RM'000
Short Term Borrowings	
Hire purchase creditors	1,091
Bank overdrafts	17,604
Banker acceptances/trust receipts	68,428
Term loans	311
	<u>87,434</u>
Long Term Borrowings	
Hire purchase creditors	1,036
Term loans	35,870
	<u>36,906</u>

B10 Off balance sheet financial instruments

There were no financial instruments negotiated with off balance sheet risk at the date of issuance of this report.

B11 Material litigation

Save as disclosed below, as at 24 August 2009, OCB and/or its subsidiaries are not engaged in any material litigation either as plaintiff or defendant and the Directors do not have any knowledge of any proceedings pending or threatened against the Group:-

- A) **Suit No. MT3-22-1052-2006 brought by Bank Islam Malaysia Berhad against Rantai Pesona Sdn Bhd and OCB Berhad (“Suit 1052”)**
- B) **Suit No. MT3-22-1053-2006 brought by Bank Islam Malaysia Berhad against Linear Profile Sdn Bhd and OCB Berhad (“Suit 1053”)**

On 22 September 2006, OCB Berhad (“OCB”) was served with two (2) writs of Summons pertaining to the above-captioned suits filed by Bank Islam Malaysia Berhad (“BIMB” or “the Plaintiff”).

BIMB’s claim in both actions are against the borrowers of the respective facilities granted by BIMB in 2000, namely Rantai Pesona Sdn Bhd and Linear Profile Sdn Bhd, and against OCB as the Corporate Guarantor. The total claim by BIMB is in the region of RM13.04 million.

On 16 November 2006, OCB filed a defence against the above-captioned suits and also submitted counter claims against various third parties including BIMB and Ample Term Sdn Bhd.

On 20 April 2009, The Court had allowed the Plaintiff’s application with costs and recorded judgement against OCB on both Suit 1052 and 1053. An appeal against the said decision has been made to the Court of Appeal on 23 April 2009.

In light of subsisting counter-claims which OCB had made against the Plaintiff, an application for stay of judgement pending the disposal of the counter-claims had also been made to the Court of Appeal.

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B12 Dividends

No interim dividend has been declared for the current quarter under review.

B13 Earnings per share**(I) Basic earnings per share**

The basic earnings per share are calculated by dividing the Group's net profit for the current quarter by the weighted number of ordinary shares in issue during the said quarter.

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter	Preceding year corresponding quarter	Current year to date	Preceding year corresponding period
	30/06/09 RM'000	30/06/08 RM'000	30/06/09 RM'000	30/06/08 RM'000
Net profit attributable to equity holders of the parent	956	(384)	1,428	(236)
Number of shares in issue	102,850	102,850	102,850	102,850
Basic earnings per share (Sen)	0.93	(0.37)	1.39	(0.23)

(II) Diluted earnings per share

Not applicable.

Dated: 24 August 2009
Petaling Jaya